

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 16097
[Redacted],)	
)	DECISION
Petitioners.)	
_____)	

On October 31, 2001, the Income Tax Audit Bureau (Bureau) of the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination (NOD) to [Redacted] (taxpayers), proposing additional income tax, penalty and interest for the year 1999 in the total amount of \$1,404.

On November 14, 2001, a timely protest and petition for redetermination was filed by the taxpayers. An informal hearing has not been requested. The Commission has reviewed the file, is advised of its contents, and hereby issues its decision modifying the NOD.

Idaho Code section 63-3002 states that the taxable income reported to the Internal Revenue Service shall be the identical sum reported to the state of Idaho, subject to modifications contained in the Idaho law. The Bureau found that the taxable income reported on the taxpayers' 1999 Idaho income tax return did not agree with [Redacted] income reported for that year. The Bureau sent the taxpayers a letter asking them to explain why their Idaho taxable income was not the same as their [Redacted] income.

The taxpayers returned the Bureau's letter and responded that they lived in Idaho in 1999 from January 1, 1999 through June 1, 1999. They also checked the items on the Bureau's letter to indicate they were part-year residents and earned/received income which was related to another state but was not reported on their Idaho return.

The Bureau's letter also requested that the taxpayers provide copies of their federal and

any other state income tax returns that they had filed in 1999. No additional information was provided by the taxpayers, so the Bureau issued a NOD to them holding all the income as taxable to Idaho.

On November 14, 2001, the taxpayers sent a protest letter with copies of W-2s that showed they were working in [Redacted] in 1999. The Bureau determined that the taxpayers should have filed a part-year resident return for 1999.

The Bureau corrected the taxpayers' Idaho income tax return and sent the taxpayers a modified audit report. A protest withdrawal statement was included with the Bureau's letter. Since the taxpayers did not respond to the Bureau's letter, the taxpayer's file was sent to the Tax Policy Specialist (specialist) in the Commission's Legal/Tax Policy Division for further review.

The Commission gave the taxpayer two options for having the Notice of Deficiency Determination redetermined. [Redacted] called the specialist stating he thought they had paid the 1999 NOD by redeeming their Idaho income tax refund check at the Commission's offices. The specialist requested a copy of the taxpayers' state refund check for tax year 2001. This check was redeemed on May 9, 2002. This refund check was not used to pay their 1999 tax deficiency. The taxpayers' 2000 refund was redeemed on June 27, 2001 before the 1999 NOD was issued.

The specialist sent the taxpayers a letter informing them that the check was not redeemed at the Commission's offices and sent them a copy of the check so that they might investigate where it was redeemed.

Therefore, the Tax Commission upholds the Bureau's determination as modified.

WHEREFORE, the Notice of Deficiency Determination dated October 31, 2001, as MODIFIED, is hereby APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the taxpayers pay the following tax, penalty and interest:

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
1999	\$426	\$0	\$98	\$524

Interest is computed through June 12, 2003

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of the taxpayers' right to appeal this decision is enclosed with this decision.

DATED this ____ day of _____, 2003.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this ____ day of _____, 2003, a copy of the within and foregoing DECISION was served by sending the same by United States mail, postage prepaid, in an envelope addressed to:

[REDACTED]

Receipt No. [Redacted]